

Ag Innovation Guide

A publication of the Agriculture Business Development Division
Missouri Department of Agriculture



FINANCIAL RESOURCES FOR STARTING OR EXPANDING YOUR AGRICULTURE-BASED BUSINESS: Public Resources for Entrepreneurs

This **Ag Innovation Guide** will help you identify financial resources, including grants, loans, loan guarantees, and tax credits, that can assist you in starting or expanding your agriculture-based business.

Missouri Value-Added Grant Program

Type of Funding - Grant

Uses - Grants awarded to finance feasibility and marketing studies, business plan development and attorney fees.

Restrictions - Cannot be used for capital purchases, operational or start-up funds.

Eligibility - Grant funds must be used directly or subcontracted with a public or private organization to fulfill services. Value-added business must be located in Missouri.

Deadline for Application - Typically 1-2 grant periods annually. Call for deadline information.

Contact Information - Missouri Ag and Small Business Development Authority, 573-526-6827

<http://www.mda.mo.gov/>

Missouri Value-Added Loan Guarantee Program

Type of Funding - Loan Guarantee

Uses - Acquisition, construction, improvement or rehabilitation of agricultural property used for the purpose of processing, manufacturing, marketing, exporting and adding value to an agricultural product.

Restrictions - Cannot be used for a line of credit, working capital or to produce livestock or agricultural crops, plant stock for grapes is the exception.

Eligibility - An individual, corporation, firm, cooperative, association, trust, political subdivision, state agency or other agribusiness. Agricultural property financed must be located in Missouri and used by Missouri residents or a Missouri based business. Financed projects must demonstrate potential success as a developing, expanding or operating business. No more than 90% of the project may be financed.

Deadline for Application - No deadline

Contact Information - Missouri Ag and Small Business Development Authority, 573-526-6827

<http://www.mda.mo.gov/>

New Generation Cooperative Incentive Tax Credit Program

Type of Funding - Tax Credit

Uses - Provides tax credits to induce private investment into new generation cooperative which will process Missouri agricultural products into value-added goods.

Restrictions - Maximum amount of tax credits received is 50% of the member's investment or \$15,000 or a pro-rated amount of tax credits will be issued to the project.

Eligibility - Must be a producer-owned and -controlled organization with at least 12 producer members

Deadline for Application - No deadline

Contact Information - Missouri Ag and Small Business Development Authority, 573-526-6827

<http://www.mda.mo.gov/>

Single-Purpose Animal Facilities Loan Guarantee Program

Type of Funding – Loan Guarantee

Uses - Provide a 25% first-loss guarantee on loans up to \$250,000 to primary lending institution. Finances breeding or feeder livestock, land, buildings, facilities, equipment, machinery and animal waste systems.

Restrictions - Cannot be used to refinance

Eligibility – Must be resident of Missouri. Integrated poultry producers, cattle producers with more than a 5000-head feedlot capacity and swine producers with 1200 sows or more do not qualify for this program.

Deadline for Application – No deadline

Contact Information – Missouri Ag and Small Business Development Authority, 573-526-6827

<http://www.mda.mo.gov/>

Alternative Loan Program

Type of Funding - Loan

Uses – Finance production, processing and marketing needs of an alternative agricultural enterprise.

Restrictions – Alternative agricultural enterprise is defined as a project that differs from traditional commodity production agriculture and will lead to a profitable enterprise for a Missouri producer.

Eligibility – Must submit an application for approval.

Deadline for Application – No deadline

Contact Information – Missouri Ag and Small Business Development Authority, 573-526-6827

<http://www.mda.mo.gov/>

SARE Competitive Grants

Type of Funding - Grant

Uses – Any type of research that will test, evaluate and adapt sustainable agriculture practices to a producer's operation. Applicants must identify specific problems and potential solutions.

Restrictions – Grant recipients are limited to one grant annually.

Eligibility – Any producer in Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

Deadline for Application – Check website for next deadline.

Contact Information – North Central Region SARE Office, Ken Schneider 402-472-0809.

<http://www.sare.org/ncrsare/>

Missouri Sustainable Agriculture Demonstration Awards

Type of Funding - Grant

Uses – All project areas are considered. In the past topics funded have included: bees and honey; cattle-beef and dairy; Christmas trees; composting; corn and soybeans; direct marketing farm products; flowers; fruits and berries; goats; grazing systems; greenhouses; herbs; heritage breeds-plants and animals; hogs; native forages; nut trees; organic production; pest and weed control alternatives; poultry; sheep and wool; solar and wind power; specialty crops; specialty livestock; and vegetables.

Restrictions - Projects must reduce dependency on non-renewable resources such as minerals and petroleum and protect and conserve natural resources.

Eligibility – Missouri residents, award winners are encouraged to share their experience with others through field days, published reports and poster sessions.

Deadline for Application – Typically 1 grant period annually. Check website for next deadline.

Contact Information – Missouri Department of Agriculture, Joan Benjamin 573-522-8616 or

Joan_Benjamin@mail.mda.state.mo.us

<http://agebb.missouri.edu/sustain>

Business & Industrial Guaranteed Loan Program*

Type of Funding - Loan Guarantee

Uses - Business and industrial acquisition, construction, conversion, expansion, repair, modernization, or development costs; startup costs and working capital; processing and marketing facilities; pollution control and abatement; and refinancing for viable projects, under certain conditions; purchase of startup cooperative stock for family-sized farms where commodities produced are to be processed by the cooperative.

Restrictions – Cannot be used to establish a line of credit, purchase inputs for agricultural production, or any project likely to transfer employment from one area to another.

Eligibility – Project must be in a rural area. Any legal entity, including individuals, public or private organizations and federally recognized Indian tribal groups.

Deadline for Application – No deadline

Contact Information – District Rural Development Offices

www.rurdev.usda.gov/rbs/busp/b&i_gar.htm

Business & Industrial Direct Loan Program*

Type of Funding – Direct Loan

Uses - Business and industrial acquisition, construction, conversion, expansion, repair, modernization, or development costs; purchase of machinery, equipment, or supplies; startup costs and working capital; processing and marketing facilities; pollution control and abatement; and refinancing for viable projects, under certain conditions.

Restrictions – Cannot be used for lines of credit, tourist or recreation facilities, agricultural production, or any project likely to transfer employment from one area to another.

Eligibility – Rural areas with populations up to 50,000 that are suffering from economic stress. Any legal entity, including individuals, public or private organizations and federally recognized Indian tribal groups. Inability to obtain other credit is also a requirement.

Deadline for Application – No deadline

Contact Information - District Rural Development Offices

www.rurdev.usda.gov/rbs/busp/b&i_dir.htm

Direct Farm Ownership & Operating Loans*

Type of Funding – Direct Loan

Uses – Acquiring or enlarging a farm or ranch, making capital improvements, paying closing costs, soil and water conservation improvements, including sustainable agriculture practices and systems. Paying costs for reorganizing a farm or ranch, purchasing livestock or equipment, purchasing supplies, financing conservations costs, paying tuition for borrower training classes, and refinancing indebtedness under certain conditions.

Restrictions – Emphasis is placed on assisting beginning, minority and other limited-resource family sized farms.

Eligibility – US citizens unable to obtain credit through commercial sources, having sufficient training or experience, an acceptable credit history and be able to demonstrate need to maximize income from farming.

Deadline for Application – No deadline

Contact Information – County Farm Service Agency

www.fsa.usda.gov

Guaranteed Farm Ownership & Operating Loan*

Type of Funding – Loan Guarantee

Uses – Payment of costs associated with reorganizing; purchase of livestock, equipment, quotas and bases; cooperative stock for credit, production, processing and marketing purposes; payment of annual operating expenses; payment of costs for land and water development for conservation or use purposes; payment of loan closing costs; payment of other farm and home needs; refinancing in certain

circumstances; acquiring or enlarging a farm; making capital improvements; promoting soil and water conservation and protection; and payment of loan closing costs.

Restrictions – Customer must meet FSA eligibility requirements, have repayment ability and be able to provide enough collateral to secure the loan on at least a dollar for dollar basis.

Eligibility - US citizens, have the legal capacity to incur the obligations of the loan and provide sufficient security; have not had previous Direct or Guaranteed Loan which resulted in loss to FSA; and unable to obtain sufficient credit elsewhere.

Deadline for Application – No deadline

Contact Information - County Farm Service Agency

www.fsa.usda.gov

USDA Value-Added Product Marketing Grant Program

Type of Funding - Grant

Uses - Grants awarded to value-added agriculture projects for planning expenses (feasibility studies, business plans, marketing plans, legal expenses, and other start-up expense) or working capital.

Restrictions – Must benefit producer-owned value-added ventures. Must apply for one of two above categories, not both.

Eligibility – Must be an independent producer, agricultural producer group, farmer or ranch cooperative, or majority-controlled producer-based business venture

Deadline for Application – Typically 1-2 grant periods annually. Check website for next deadline.

Contact Information – Nathan Chitwood, USDA Rural Development-Missouri, 573-876-9320 or

www.rurdev.usda.gov/rbs/coops/vadg.htm

*Content from www.usda.gov and "Building Better Rural Places" published by Appropriate Technology Transfer for Rural Areas.

The Ag Business Development Staff is here to assist you in starting or expanding your agriculture-based business. Contact us today!



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